

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 28, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1887**

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**Introduced by Assembly Member Villines  
(Coauthor: Assembly Member Monning)**

February 16, 2010

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An act to add Part 6.45 (commencing with Section 12699.70) to Division 2 of the Insurance Code, relating to health care coverage, *and declaring the urgency thereof, to take effect immediately.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1887, as amended, Villines. Temporary high risk pool.

Existing law, the federal Patient Protection and Affordable Care Act, requires the United States Secretary of Health and Human Services to establish a temporary ~~high-risk~~ *high risk* health insurance pool program to provide health insurance coverage for eligible individuals until January 1, 2014. Existing law authorizes the secretary to carry out this program directly or through contracts to eligible entities, including states, and requires that money made available pursuant to these provisions be used to establish a qualified high risk pool that meets certain requirements.

Existing law establishes the California Major Risk Medical Insurance Program, which is administered by the Managed Risk Medical Insurance Board (MRMIB), to provide major risk medical coverage to persons who, among other matters, have been rejected for coverage by at least one private health plan.

This bill would require MRMIB to establish a temporary high risk pool to provide health care coverage to specified individuals who have preexisting conditions and have not been covered under creditable coverage, as defined, for the 6 months prior to applying for coverage in the pool. The bill would require coverage in the pool to meet specified requirements and would require premiums to be established at a standard rate for a standard population and not have *an* age rating greater than 4 to 1. The bill would require MRMIB to apply for federal funding in order to operate the pool and would enact other related provisions.

*The bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Part 6.45 (commencing with Section 12699.70)  
2 is added to Division 2 of the Insurance Code, to read:

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4 PART 6.45. TEMPORARY HIGH RISK POOL

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6 12699.70. For purposes of this part, the following definitions  
7 shall apply:

8 (a) "Board" means the Managed Risk Medical Insurance Board  
9 created pursuant to Section 12710.

10 (b) "Creditable coverage" has the same meaning as defined in  
11 Section 10198.6.

12 (c) "Pool" means the temporary high risk pool established by  
13 the board pursuant to this part.

14 12699.72. (a) The board shall establish a temporary high risk  
15 pool to provide health care coverage to eligible individuals.

16 (b) Each individual who meets all of the following requirements  
17 is eligible to apply for coverage through the pool:

18 (1) Is a citizen or national of the United States, or is lawfully  
19 present in the United States, as determined in accordance with  
20 Section 1411 of the Patient Protection and Affordable Care Act  
21 (Public Law 111-148).

22 (2) Has not been covered under creditable coverage for the six  
23 months prior to applying for coverage through the pool.

24 (3) Has a preexisting condition.

1 (c) The benefits and coverage provided through the pool shall,  
2 at a minimum, have an actuarial value of at least 65 percent of  
3 total allowed costs, an out-of-pocket limit no greater than the  
4 applicable amount for high deductible health plans linked to health  
5 savings accounts, and no preexisting condition exclusions.

6 (d) Premiums for coverage provided through the pool shall be  
7 established at a standard rate for a standard population and not  
8 have an age rating greater than four to one.

9 (e) The board shall apply for federal funding pursuant to Section  
10 1101 of the Patient Protection and Affordable Care Act (Public  
11 Law 111-148) to operate the pool created by this part.

12 12699.74. Nothing in this part shall be construed to preclude  
13 the board from creating more expansive standards and benefits,  
14 lower cost-sharing requirements, or eligibility criteria that would  
15 result in the inclusion of more enrollees if permitted under federal  
16 law and funded exclusively with federal funds.

17 *SEC. 2. This act is an urgency statute necessary for the*  
18 *immediate preservation of the public peace, health, or safety within*  
19 *the meaning of Article IV of the Constitution and shall go into*  
20 *immediate effect. The facts constituting the necessity are:*

21 *In order to allow the state to apply for federal funding made*  
22 *available by Section 1101 of the federal Patient Protection and*  
23 *Affordable Care Act (Public Law 111-148) at the earliest possible*  
24 *time, it is necessary that this act take effect immediately.*